



C O N S U L T I N G

GVNW CONSULTING, INC.  
2270 LaMontana Way, Suite 200  
Colorado Springs, CO 80918  
(719) 594-5800 (Tel.)  
(719) 594-5803 (Fax)  
[www.gvnw.com](http://www.gvnw.com)

Via ECFS

June 27, 2014

Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 Twelfth Street S.W.  
Washington, D.C. 20554

Dear Ms. Dortch,

Hardy Telecom hereby submits the attached "FCC Form 481 – Carrier Annual Reporting Data Collection" pursuant to sections §54.313 and §54.422 of the Commission's rules, as filed with the Universal Service Administrative Company.

Please contact me with any questions you have on this filing.

Sincerely,  
*/s/ Andy Schein*

Andy Schein  
Senior Consultant  
GVNW Consulting, Inc.  
(719) 594-5800  
[aschein@gvnw.com](mailto:aschein@gvnw.com)

Enclosures

ENCLOSURE A

FCC Form 481 and attachments

<b>FCC Form 481 - Carrier Annual Reporting</b> <b>Data Collection Form</b>	<b>FCC Form 481</b> OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	200259
<015> Study Area Name	HARDY TELECOM
<020> Program Year	2015
<030> Contact Name: Person USAC should contact with questions about this data	Andy Schein
<035> Contact Telephone Number: Number of the person identified in data line <030>	7195945800 ext.
<039> Contact Email Address: Email of the person identified in data line <030>	aschein@gvaw.com

ANNUAL REPORTING FOR ALL CARRIERS		54.313 Completion Required	54.422 Completion Required
(check box when complete)			
<100> Service Quality Improvement Reporting	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<200> Outage Reporting (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<300> Unfulfilled Service Requests (voice)	0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<310> Detail on Attempts (voice)	(attach descriptive document)	<input type="checkbox"/>	<input type="checkbox"/>
<320> Unfulfilled Service Requests (broadband)	0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<330> Detail on Attempts (broadband)	(attach descriptive document)	<input type="checkbox"/>	<input type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<410> Fixed	0.0		
<420> Mobile	0.0		
<430> Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<440> Fixed	0.0		
<450> Mobile	0.0		
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510> 200259WV510.pdf	(attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610> 200259WV610.pdf	(attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700> Company Price Offerings (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<710> Company Price Offerings (broadband)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<800> Operating Companies and Affiliates	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)? <input type="radio"/> <input checked="" type="radio"/>	(if yes, complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1000> Voice Services Rate Comparability	(check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1010> 200259WV1010.pdf	(attach descriptive document)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1100> Terrestrial Backhaul (Y/N)? <input checked="" type="radio"/> <input type="radio"/>	(if not, check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1110>	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet**

*Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

<2000>	(check to indicate certification)	<input type="checkbox"/>	<input type="checkbox"/>
<2005>	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>
<b>Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet</b>			
<3000>	(check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**(100) Service Quality Improvement Reporting  
Data Collection Form**

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	200259
<015>	Study Area Name	HARDY TELECOM
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Andy Schein
<035>	Contact Telephone Number - Number of person identified in data line <030>	7195945800 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	aschein@gnv.wv.com

  

<110>	Has your company received its ETC certification from the FCC? If your answer to Line <110> is yes, do you have an existing §54.202(a) "5 year plan" filed with the FCC?	(yes / no ) <input checked="" type="radio"/> (yes) <input type="radio"/> (no)
<111>		(yes / no ) <input type="radio"/> (yes) <input checked="" type="radio"/> (no)

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

200259WV112.pdf

Name of Attached Document

Please check these boxes below to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113>	Maps detailing progress towards meeting plan targets	
<114>	Report how much universal service (USF) support was received	✓
<115>	How (USF) was used to improve service quality	✓
<116>	How (USF) was used to improve service coverage	✓
<117>	How (USF) was used to improve service capacity	✓
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.	



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<035>	Contact Telephone Number - Number of person identified in data line <030>	7195945800 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	aschein@gvvnw.com

[illegible]

1/1/2014	
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	Residential Local Service Charge Effective Date	Single State-wide Residential Local Service Charge
<701>		
<702>		

[illegible]

(710) Broadband Price Offerings  
Data Collection Form

<010>	Study Area Code	200259
<015>	Study Area Name	HARDY TELECOM
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Andy Schein
<035>	Contact Telephone Number - Number of person identified in data line <030>	7195945800 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	aschein@ngvnr.com

[illegible]



<010>	Study Area Code	200259
<015>	Study Area Name	HARDY TELECOM
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Andy Schein
<035>	Contact Telephone Number - Number of person identified in data line <030>	7195945800 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	aschein@usvnm.com
<810>	Reporting Carrier	HARDY TELECOM
<811>	Holding Company	
<812>	Operating Company	HARDY TELECOM

[illegible]



**(900) Tribal Lands Reporting  
Data Collection Form**

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	200259
<015>	Study Area Name	HARDY TELECOM
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Andy Schein
<035>	Contact Telephone Number - Number of person identified in data line <030>	7195945800 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	aschein@govnet.com

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

Select (Yes, No, NA)

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

**(1100) No Terrestrial Backhaul Reporting  
Data Collection Form**

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	200259
<015>	Study Area Name	HARDY TELECOM
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Andy Schein
<035>	Contact Telephone Number - Number of person identified in data line <030>	7195948600 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	aschein@gvnr.com

☐

Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G)

☐

Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G)

**(1200) Terms and Condition for Lifeline Customers****Lifeline****Data Collection Form**

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	200259
<015>	Study Area Name	HARDY TELECOM
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Andy Schein
<035>	Contact Telephone Number - Number of person identified in data line <030>	7195945800 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	aschein@gvwnv.com

200259WV1210.pdf

**<1210> Terms & Conditions of Voice Telephony Lifeline Plans**

Name of Attached Document

**<1220> Link to Public Website**

HTTP

<http://www.hardynet.net/telephone-service/residential-telephone/lifeline-linkup/>

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

**<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,****<1222> Details on the number of minutes provided as part of the plan,****<1223> Additional charges for toll calls, and rates for each such plan.**



**(2000) Price Cap Carrier Additional Documentation**  
**Data Collection Form**  
*Including Rate-of-Return. Carriers affiliated with Price Cap Local Exchange Carriers*

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	200259
<015>	Study Area Name	HARDY TELECOM
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Andy Schein
<035>	Contact Telephone Number - Number of person identified in data line <030>	7195945800 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	aschein@nyvix.com

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

<b>Incremental Connect America Phase I reporting</b>	
<2010>	2nd Year Certification (47 CFR § 54.313(b)(1))
<2011>	3rd Year Certification (47 CFR § 54.313(b)(2))
<b>Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))</b>	
<2012>	2013 Frozen Support Certification
<2013>	2014 Frozen Support Certification
<2014>	2015 Frozen Support Certification
<2015>	2016 and future Frozen Support Certification
<b>Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))</b>	
<2016>	Certification Support Used to Build Broadband
<b>Connect America Phase II Reporting (47 CFR § 54.313(e))</b>	
<2017>	3rd year Broadband Service Certification
<2018>	5th year Broadband Service Certification
<2019>	Interim Progress Certification
<2020>	Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

<2021> Interim Progress Community Anchor Institutions

Name of Attached Document Listing Required Information

<b>(3000) Rate Of Return Carrier Additional Documentation</b>		FCC Form 481
<b>Data Collection Form</b>		OMB Control No. 3060-0986/OMB Control No. 3060-0819
		July 2013

<010> Study Area Code	200259
<015> Study Area Name	HARDY TELECOM
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Andy Schein
<035> Contact Telephone Number - Number of person identified in data line <030>	71.95945800 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	aschein@hardy.com

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3010) Progress Report on 5 Year Plan  
Milestone Certification (47 CFR § 54.313(f)(1)(ii))

Name of Attached Document Listing Required Information

(3011) Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313(f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

(3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))

(3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))  
(3014) If yes, does your company file the RUS annual report

Name of Attached Document Listing Required Information  
(Yes/No)  
(Yes/No)

Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:  
(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)

(3016) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

200259WV3017.pdf

(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

Name of Attached Document Listing Required Information  
(Yes/No)

(3018) If the response is no on line 3014, is your company audited?

If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains

(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications

(3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3021) Management letter issued by the independent certified public accountant that performed the company's financial audit.

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

(3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers,

(3023) Underlying information subjected to a review by an independent certified public accountant

(3024) Underlying information subjected to an officer certification.

(3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3026) Attach the worksheet listing required information

Name of Attached Document Listing Required Information



[USAC Home](#) [High Cost Program](#) [Search Tools](#) [Form 481](#)

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## CONFIRMATION

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**Congratulations. Your filing has been successfully certified.**

Filing 1 was successfully certified on Fri 27 Jun 14 11:21:28 AM EDT by ssherman@hardynet.com .

SAC : 209009

SPIN : 143028655

Carrier Name : HARDY TELECOMMUNICATIONS, INC.

Program Year : 2015

[Return to 481 Search](#)

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Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<039> Contact Email Address - Email Address of person identified in data line <030>	aschein@gvnw.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

<b>Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients</b>	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	HARDY TELECOM
Signature of Authorized Officer:	CERTIFIED ONLINE
	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	200259
Filing Due Date for this form:	07/01/2014
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

## Attachments

(700) Price Offerings including Voice Rate Data  
Data Collection Form

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

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<035>	Contact Telephone Number - Number of person identified in data line <030>	7195945800 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	aschein@gvwr.com

1/1/2014	
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<701>	Residential Local Service Charge Effective Date
<702>	Single State-wide Residential Local Service Charge

<703>

[illegible]



FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	200259
<015>	Study Area Name	HARDY TELECOM
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<039>	Contact Email Address - Email Address of person identified in data line <030>	aschein@sgvnet.com

[illegible]

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<039>	Contact Email Address - Email Address of person identified in data line <030>	aschein@gvvnw.com
<810>	Reporting Carrier	HARDY TELECOM
<811>	Holding Company	
<812>	Operating Company	HARDY TELECOM

[illegible]

**2014 FCC Form 481 Carrier Annual Reporting – Other Attachments**



## FIVE YEAR SERVICE QUALITY IMPROVEMENT PLAN

### PREAMBLE

Hardy Telecommunications, Inc. ("Hardy") has carefully developed its improvement plan, concentrating on the delivery and continuation of a robust network which provides, at a minimum, the federally required voice and broadband connectivity as stipulated by regulatory rule.

Hardy advises that this improvement plan has been carefully crafted, matching measured network deployment, improvement and quality service levels with known financial implications of the Transformation Order upon the Company's support cash-flows. The uncertainty of such cash flows being received in later years as a result of current and potential regulatory action on rural rate-of-return carriers has resulted in the Company taking a balanced, yet realistic, approach.

The environment in which the Company operates remains dynamic, not static. As a result, Hardy reserves the opportunity to modify its plan in response to changing market demands as well as future regulatory decisions, and their impacts upon the Company's financial viability in providing quality services.

Hardy will re-evaluate this plan on an annual basis. Action, however, may also be taken abruptly on the presented plan for both current and later years in the event of evolving regulatory conditions and/or changes in technology (vendor)-driven support. All adjustments to the improvement plan in this document will be reflected and explained in subsequent annual reports.

### OVERVIEW

Hardy is an Eligible Telecommunications Carrier (ETC) providing Universal Service supported services to approximately 3,400 customers in one exchange covering approximately 384 square miles.

Consistent with Commission requirements, this Service Quality Improvement Plan addresses only Hardy's regulated ETC operations.<sup>1</sup> A detailed description of Hardy's plans for the provision of the supported services in the five (5) year period starting with Year 2015 - 2019 is provided herein.

Per the Universal Service Administrative Company (USAC), during the calendar year 2013, Hardy received a total of \$1,777,590 in USF support funds. The breakdown of the funding for the year was:

- \$ 146,460 High Cost Loop Support
- \$ 449,208 Local Switching Support
- \$ 434,190 Connect America Fund-Intercarrier Compensation Support
- \$ 747,732 Interstate Common Line Support
- \$ 0 Safety Net Additive

All funds were used in 2013 to both: 1) maintain, upgrade, and improve the Company's network and, 2) cover its operating expenses as necessary to permit it to offer a high level of service for both voice and broadband throughout its service area.

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<sup>1</sup>Per 47 C.F.R. § 54.314, federal USF support, "will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended." If investments or expenses are for service areas larger than the supported service areas, then allocations of the expenditures are required.



## **Hardy Telecommunications, Inc.**

Hardy Telecommunications is a nonprofit rural telephone membership cooperative formed over a half-century ago. It is a local exchange carrier currently employing 34 individuals and providing telecommunications services in Hardy County. The Company's serving area covers the territory of Hardy County and specifically, the Lost River area. With one exchange, the Company serves a current population of approximately 8,410, over a geographic area of approximately 384 square miles. In general, the service territory is a mixture of rivers, heavy timber, mountains, and valleys. The service territory is widely inter-connected by secondary state highways and rural county roads. The serving area industry primarily consists of agriculture and stock raising. Hardy serves 72 anchor institutions and public safety entities. Anchor institutions consist of 6 public schools, 35 government facilities, 4 public housing facilities, 6 public safety sites, 1 institutions of higher education, 10 healthcare facilities, 2 libraries, and 8 community support organizations and faith-based organizations. All anchor institutions currently have access to broadband service.

The Company has a long history of providing reliable quality service, consistently reaching a 99.99% uptime for existing services. The Company constructed and utilizes ring network architecture and redundant routers to ensure uninterrupted service. Service requests and changes for telephone service and broadband are typically met within 24 hours. Build-out and maintenance project budgets and deadlines are also consistently met.

### **DEMOGRAPHICS**

The serving area composition presents significant challenges for conducting service. Due to higher elevation and terrain, the service territory is subject to significant fluctuations in temperature and weather conditions. The territory is known for its fierce blizzards, gale force winds, and snow drifts. Network facilities are built to withstand environmental conditions as warranted, often resulting in costs above the national industry average.

According to the U.S. Census Bureau, the median household income for Hardy County, which approximates the Company's serving area, is about \$31,846, per capita income is approximately \$15,859, and the poverty level is around 13%. As a result, there is a high proportion of below average income subscribers requiring support services. Communications is an important conduit to access such services. Despite having a relatively low per-capita income, Hardy only has 14 Lifeline subscribers.

Hardy's serving area covers approximately 384 square miles with over 530 miles of copper and 540 miles of fiber cable in service. The Company is currently serving about 3,400 subscribers at year end 2013. This approximates a subscriber density (average of access lines per square mile) of nine subscribers per square mile. The Company also served 1,923 broadband customers as of 12/31/2013. As of year-end 2013, Hardy is able to provide broadband service to 99% of its serving area. Of that, 44% has access to DSL speeds of at least 6 Mbps down/1 Mbps up, or greater.

From 2011 to 2012, Hardy constructed a fiber ring for \$4.5 million, using a combination of both grant money and preexisting cash. The fiber ring consists of, at a minimum, 144 fibers and offers tremendous network redundancy. The ring has also connected Hardy's anchor institutions to fiber-rated broadband services.

In the third quarter of 2012, Hardy began a \$31 million fiber-to-the-home project with the goal of providing reliable fiber access and up to 100 Mbps broadband service to its entire serving area. When completed, the project will deploy 734 miles of fiber to 5,595 households and businesses in and around its serving area. Currently, the build-out is approximately 37% complete, with 2,090 households and businesses being served. Hardy has the capability of providing up to 100 Mbps service to customers



## **Hardy Telecommunications, Inc.**

currently connected and estimates that the entire build-out will be completed by July, 2015. Financing for the project will include funding from grants of about 70%, and the remaining 30% from RUS loans.

As a result of the fiber build, Hardy's customers have access to much greater broadband speeds and tiers. Where the FTTH build is completed, speed offerings range from 5 Mbps to 25 Mbps down, and 2 Mbps to 10 Mbps up. Both Asymmetrical and Symmetrical broadband service is offered. Greater speeds are available upon customer request. At present, 1,973 customers are subscribing to speeds of up to 3 Mbps down. Another 191 customers are utilizing the new FTTH network and subscribing to broadband speeds between 5 Mbps and 100 Mbps.

### **IMPROVEMENT PLANS BY YEAR (2015-2019 inclusive)**

Summary descriptions of network improvements planned for the next five (5) years in accordance with Part 54.202(a)(1)(ii) and Part 54.313(a)(1) by year and by exchange are presented below. Detailed expenditures are summarized in the attached Excel worksheet (Attachment 1). Where available, area and subscribers impacted by the improvements are identified in the worksheet. Costs are broken out by voice and broadband service. Also note that while the broadband speeds over fiber depicted below are quantified for simplicity, in reality, speeds are limited only by the associated electronics and fiber speeds are therefore limitless.

### **SUMMARY DISCUSSION OF PLANS BY YEAR**

#### **2015**

Lost River Study Area – The Company intends to use the remaining BIP grant/loan funds to complete the remainder of the BIP FTTH project in the third quarter of 2015. The FTTH upgrades will replace existing obsolete copper electronics with new cross-connect panels, splitter cabinets and other fiber electronic equipment upgrades that will provide for increased broadband capacity as well as improved voice services. It is estimated that completing the BIP project will cost approximately \$1,500,000, and impact a population of approximately 2,400, and will cover about 126 square miles. The project will upgrade both local service and increase broadband service from 10 to 100+ Mbps available to the households and businesses in the area.

In addition to the completion of the BIP FTTH project, the Company will continue to expend funds in 2015 to complete other FTTH areas not covered in the BIP/BTOP projects. These are generally in-fill areas off the fiber ring and fiber branch extensions built with BIP/BTOP funds that will be expanded over the coming years. It is estimated in 2015 that this will cost approximately \$675,000 and impact a population of 300 in a 38.4 square mile area. The project will upgrade both local service and increase broadband service from 10 to 100+ Mbps available to the households and businesses in the area.

Besides the FTTH building activity, the Company will continue to expend funds for miscellaneous crew construction projects, which are typically minor projects such as drops or route extensions. These projects are estimated to cost around \$140,000 in 2015. Also included in the Company's 2015 improvement plans are over \$200,000 for work vehicles, tool & equipment upgrades, miscellaneous concentrator buildings and electronic upgrades, computer and mapping enhancements, and other general support additions.

#### **2016**

Lost River Study Area – The FTTH build continues in 2016, though not as much as in previous years. The Company intends to spend approximately \$562,000 on the next phase of the FTTH build in areas not yet being served or passed with FTTH facilities. About \$462,000 is intended to cover the cost of contract



## **Hardy Telecommunications, Inc.**

labor and fiber; the remaining \$100,000 will cover the circuit/broadband electronics. This phase would replace existing copper with new fiber cable to about 250 additional residences and businesses in an area of approximately 30.5 square miles. Hardy plans to have this phase completed by year-end 2016. The Company's plan in the coming years is to fine tune where these remaining FTTH build-outs will be in their serving area. Over the next year, customer take rates on FTTH services will help the Company in prioritizing customer areas seeking FTTH services. When completed, customers affected by this phase of the build-out will have higher quality voice service and the capability of broadband speeds of up to 100Mbps. The project should be completed by year-end 2016.

Besides the build-out of FTTH activity, the Company will continue to expend funds for miscellaneous crew construction projects, which are typically minor projects such as drops or route extensions, these projects are estimated to be around \$120,000 in 2016. Also included in the Company's 2016 improvement plans are over \$184,000 for work vehicles, tool & equipment upgrades, miscellaneous concentrator buildings and electronic upgrades, computer and billing enhancements, and other general support additions.

### **2017**

Lost River Study Area – The FTTH build continues as noted above, but again, not as much as in previous years. Future year FTTH improvements will be dependent on the availability of internally generated monies, as well as Federal USF support funds received each year. The Company intends to spend approximately \$450,000 on the next phase of the FTTH build-out in the areas not yet being served or passed with FTTH facilities. About \$370,000 is intended to cover the cost of contract labor and fiber; the remaining \$80,000 will cover the circuit/broadband electronics. This phase would replace existing copper with new fiber cable to about 200 additional residences and businesses, in an area of approximately 25.3 square miles. Hardy plans to have this phase completed by year-end 2017. When completed, customers affected by this phase of the build-out will have higher quality voice service and the capability of broadband speeds of up to 100Mbps. The project should be completed by year-end 2017.

Besides the build-out of FTTH activity, the Company will continue to expend funds for miscellaneous crew construction projects, which are typically minor projects such as drops or route extensions. These projects are estimated to be around \$110,000 in 2017. Also included in the Company's 2017 improvement plans are over \$183,000 for work vehicles, tool & equipment upgrades, miscellaneous concentrator buildings and electronic upgrades, computer and mapping software enhancements, and other general support additions.

### **2018**

Lost River Study Area – The FTTH build continues as noted above, but again, not as much as in previous years. Future year FTTH improvements will be dependent on the availability of internally funded monies, as well as Federal USF support funds received each year. The Company intends to spend approximately \$338,000 on the next phase of the FTTH build-out in areas not yet already being served or passed with FTTH facilities. About \$278,000 is intended to cover the cost of contract labor and fiber; the remaining \$60,000 will cover the circuit/broadband electronics. This phase would replace existing copper with new fiber cable to about 150 additional residences and businesses in an area of 19.2 square miles. Hardy plans to have this phase completed by year-end 2018. When completed, customers affected by this phase of the build-out will have higher quality voice service and the capability of broadband speeds of up to 100Mbps. The project should be completed by year-end 2018.

Besides the build-out of FTTH activity, the Company will continue to expend funds for miscellaneous crew construction projects, which are typically minor projects such as drops or route extensions, these projects are estimated to be around \$100,000 in 2018. Also included in the Company's 2018 improvement plans are over \$197,000 for work vehicles, tool & equipment upgrades, miscellaneous



## Hardy Telecommunications, Inc.

concentrator buildings and electronic upgrades, computer upgrades and billing software enhancements, and other general support additions.

### 2019

Lost River Study Area – The FTTH build continues as noted above, but again, not as much as in previous years. Future year FTTH improvements will be dependent on the availability of internal funded monies, as well as Federal USF support funds received each year. The Company intends to spend approximately \$225,000 on the next phase of the FTTH build-out in areas not yet being provided or passed with FTTH facilities. About \$185,000 is intended to cover the cost of contract labor and fiber; the remaining \$40,000 will cover the circuit/broadband electronics. This phase would replace existing copper with new fiber cable to about 100 additional residences and businesses, in an area of approximately 12.7 square miles. Hardy plans to have this phase completed by year-end 2019. When completed, customers affected by this phase of the build-out will have higher quality voice service and the capability of broadband speeds of up to 100Mbps. The project should be completed by year-end 2019.

Besides the build-out of FTTH activity, the Company will continue to expend funds for miscellaneous crew construction projects, which are typically minor projects such as drops or route extensions. These projects are estimated to be around \$80,000 in 2019. Also included in the Company's 2019 improvement plans are over \$201,000 for work vehicles, tool & equipment upgrades, miscellaneous concentrator buildings and electronic upgrades, computer and mapping software enhancements, and other general support additions.

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HARDY TELECOMMUNICATIONS INC.  
NETWORK IMPROVEMENT PROJECTS  
AS OF 2014 ANNUAL REPORT SUBMISSION - JULY 1, 2014

MAP REF.	WIRE CENTER NAME & CLI A	DESCRIPTION OF IMPROVEMENT B	COST ESTIMATE C	ACTUAL COST D	REGULATED % ALLOCATION E	AMOUNT IN US\$ SUPPORT AREA F=CxE	% VOICE ***	% BROADBAND ***	AREA IMPACTED ***	POPULATION IMPACTED ***	TARGET COMPLETION DATE ***	ACTUAL COMPLETION DATE ***	Notes
LSRV	2015 Lost River - LSRWVXADSO	Replace CO-ISP Tech Work Vehicle	\$32,500		100%	\$32,500	50%	50%	384 sq miles	8,410	12/30/2015		
		Replace OSP Vehicle	\$40,000		100%	\$40,000	50%	50%	384 sq miles	8,410	9/30/2015		
		Replace Office-Mgmt. Vehicle	\$35,000		100%	\$35,000	50%	50%	384 sq miles	8,410	9/30/2015		
		FTTH - BIP Project (Cost shown at 30% loan only)	\$1,220,000		100%	\$1,220,000	50%	50%	126 sq miles	2,400	9/30/2015		A
		FTTH - BIP Project Electronics (at 30% loan only)	\$263,250		100%	\$263,250	50%	50%	126 sq miles	2,400	9/30/2015		A
		FTTH - Non-BIP Project	\$555,000		100%	\$555,000	50%	50%	38.4 sq miles	300	12/31/2015		1
		FTTH - Non-BIP Project Electronics	\$120,000		100%	\$120,000	50%	50%	38.4 sq miles	300	12/31/2015		2
		Concentrator Buildings&Electronics Upgrades	\$33,500		100%	\$33,500	50%	50%	9.6 sq miles	80	12/31/2015		3
		Office Equipment Upgrades	\$5,000		100%	\$5,000	50%	50%	384 sq miles	8,410	12/31/2015		4
		Tool & Equipment Upgrades	\$9,500		100%	\$9,500	50%	50%	384 sq miles	8,410	9/30/2015		4
		General Computer Upgrades	\$12,000		100%	\$12,000	50%	50%	384 sq miles	8,410	12/31/2015		4
		Accounting System Modules and Upgrades	\$11,500		100%	\$11,500	50%	50%	384 sq miles	8,410	6/30/2015		
		Central Office Projects	\$30,000		100%	\$30,000	50%	50%	384 sq miles	8,410	9/30/2015		5
		Crew Construction Projects	\$140,000		100%	\$140,000	50%	50%	384 sq miles	840	12/31/2015		6
		Mapping Software Enhancements	\$8,000		100%	\$8,000	50%	50%	384 sq miles	8,410	9/30/2015		

**NOTES**

- 1 FTTH Project represents remaining homes and businesses that were passed by the BIP project, but did not connect at the time or areas were there were other issues.
- 2 FTTH Electronics goes with "1" above and provides for necessary cross-connect panels, splitter cabinets, etc.
- 3 Concentrator Buildings and Electronics Upgrades are based on historical averages as well as including a project to move towards alternative energy to power the facilities.
- 4 Office Equipment, Tool and Equipment and General Computer Upgrades takes into account general changes in business along with new technologies.
- 5 Central Office Projects is a company-wide contingency for historical and some unexpected central office capital outlays.
- 6 Crew Construction Projects is the long term historical average of minor construction projects (such as new drops or minor route extensions) built by construction crew.

A The RUS-BIP ARRA Grant/Loan Project must be completed and all monies spent by 9/30/15.

HARDY TELECOMMUNICATIONS INC.  
**NETWORK IMPROVEMENT PROJECTS**  
AS OF 2014 ANNUAL REPORT SUBMISSION - JULY 1, 2014

MAP REF.	WIRE CENTER NAME & CLLI A	DESCRIPTION OF IMPROVEMENT B	COST ESTIMATE C	ACTUAL COST D	REGULATED % ALLOCATION E	AMOUNT IN USF SUPPORT AREA F=C+E	% VOICE ***	% BROADBAND ***	AREA IMPACTED ***	POPULATION IMPACTED ***	COMPLETION		Notes
											TARGET DATE ***	ACTUAL DATE ***	
LSRV	Lost River - LSRVWVXADSO	2016											
		Replace ISP-Inet Tech Work Vehicle	\$32,500		100%	\$32,500	50%	50%	384 sq miles	8,410	9/30/2016		
		Replace OSP Vehicle	\$40,000		100%	\$40,000	50%	50%	384 sq miles	8,410	9/30/2016		
		FTTH - Continuing Projects	\$462,500		100%	\$462,500	50%	50%	30.5 sq miles	250	12/31/2016		1
		FTTH - Continuing Projects Electronics	\$100,000		100%	\$100,000	50%	50%	30.5 sq miles	250	12/31/2016		2
		Concentrator Buildings&Electronics Upgrades	\$35,000		100%	\$35,000	50%	50%	9.6 sq miles	85	12/31/2016		3
		Office Equipment Upgrades	\$5,000		100%	\$5,000	50%	50%	384 sq miles	8,410	12/31/2016		4
		Tool & Equipment Upgrades	\$10,000		100%	\$10,000	50%	50%	384 sq miles	8,410	9/30/2016		4
		General Computer Upgrades	\$15,000		100%	\$15,000	50%	50%	384 sq miles	8,410	12/31/2016		4
		Central Office Projects	\$30,000		100%	\$30,000	50%	50%	384 sq miles	8,410	9/30/2016		5
		Crew Construction Projects	\$120,000		100%	\$120,000	50%	50%	384 sq miles	840	12/31/2016		6
		Billing Software Enhancements	\$16,000		100%	\$16,000	50%	50%	384 sq miles	8,410	12/31/2016		

2016 TOTAL PROJECTS \$866,000

**NOTES**

- 1 FTTH Project represents remaining homes and businesses that were passed by the BIP project, but did not connect at the time or areas were there were other issues.
- 2 FTTH Electronics goes with "1" above and provides for necessary cross-connect panels, splitter cabinets, etc.
- 3 Concentrator Buildings and Electronics Upgrades are based on historical averages as well as including a project to move towards alternative energy to power the facilities.
- 4 Office Equipment, Tool and Equipment and General Computer Upgrades takes into account general changes in business along with new technologies.
- 5 Central Office Projects is a company-wide contingency for historical and some unexpected central office capital outlays.
- 6 Crew Construction Projects is the long term historical average of minor construction projects (such as new drops or minor route extensions) built by construction crew.



HARDY TELECOMMUNICATIONS INC.  
**NETWORK IMPROVEMENT PROJECTS**  
AS OF 2014 ANNUAL REPORT SUBMISSION - JULY 1, 2014

MAP REF.	WIRE CENTER NAME & CLI A	DESCRIPTION OF IMPROVEMENT B	COST ESTIMATE C	ACTUAL COST D	REGULATED % ALLOCATION E	AMOUNT IN US\$ SUPPORT AREA F=CxE	% VOICE ***	% BROADBAND ***	AREA IMPACTED ***	POPULATION IMPACTED ***	TARGET COMPLETION DATE ***	ACTUAL COMPLETION DATE ***	Notes
LSRV	Lost river - LSRVVVXADSO	Replace ISP-Inet Tech Work Vehicle	\$32,500		100%	\$32,500	50%	50%	384 sq miles	8,410	12/31/2017		1
		Replace Sales/Service Vehicle	\$35,000		100%	\$35,000	50%	50%	384 sq miles	8,410	12/31/2017		2
		FTTH - Continuing Projects	\$370,000		100%	\$370,000	50%	50%	25.3 sq miles	200	12/31/2017		3
		FTTH - Continuing Projects Electronics	\$80,000		100%	\$80,000	50%	50%	25.3 sq miles	200	12/31/2017		4
		Concentrator Buildings&Electronics Upgrades	\$35,000		100%	\$35,000	50%	50%	9.6 sq miles	85	12/31/2017		5
		Office Equipment Upgrades	\$6,000		100%	\$6,000	50%	50%	384 sq miles	8,410	12/31/2017		6
		Tool & Equipment Upgrades	\$12,000		100%	\$12,000	50%	50%	384 sq miles	8,410	9/30/2017		7
		General Computer Upgrades	\$15,000		100%	\$15,000	50%	50%	384 sq miles	8,410	12/31/2017		8
		Central Office Projects	\$40,000		100%	\$40,000	50%	50%	384 sq miles	8,410	9/30/2017		9
		Crew Construction Projects	\$110,000		100%	\$110,000	50%	50%	384 sq miles	840	12/31/2017		10
		Mapping Software Enhancements	\$8,000		100%	\$8,000	50%	50%	384 sq miles	8,410	9/30/2017		11
		2017 TOTAL PROJECTS	\$745,500										

**NOTES**

- 1 FTTH Project represents remaining homes and businesses that were passed by the BIP project, but did not connect at the time or areas were there were other issues.
- 2 FTTH Electronics goes with "1" above and provides for necessary cross-connect panels, splitter cabinets, etc.
- 3 Concentrator Buildings and Electronics Upgrades are based on historical averages as well as including a project to move towards alternative energy to power the facilities.
- 4 Office Equipment, Tool and Equipment and General Computer Upgrades takes into account general changes in business along with new technologies.
- 5 Central Office Projects is a company-wide contingency for historical and some unexpected central office capital outlays.
- 6 Crew Construction Projects is the long term historical average of minor construction projects (such as new drops or minor route extensions) built by construction crew.



HARDY TELECOMMUNICATIONS INC.  
NETWORK IMPROVEMENT PROJECTS  
AS OF 2014 ANNUAL REPORT SUBMISSION - JULY 1, 2014

MAP REF.	WIRE CENTER NAME & CLI A	DESCRIPTION OF IMPROVEMENT B	COST ESTIMATE C	ACTUAL COST D	REGULATED % ALLOCATION E	AMOUNT IN USE SUPPORT AREA F=C+E	% VOICE ***	% BROADBAND ***	AREA IMPACTED ***	POPULATION IMPACTED ***	TARGET COMPLETION DATE ***	ACTUAL COMPLETION DATE ***	Notes
LSRV	2018 Lost River - LSRVWVXADSO	Replace OSP Vehicle Replace Office-Mgmt. Vehicle FTTH - Continuing Projects FTTH - Continuing Projects Electronics Concentrator Buildings&Electronics Upgrades Office Equipment Upgrades Tool & Equipment Upgrades General Computer Upgrades Central Office Projects Crew Construction Projects Billing Software Enhancements	\$40,000 \$35,000 \$277,500 \$60,000 \$35,000 \$6,000 \$10,000 \$12,000 \$40,000 \$100,000 \$20,000		100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100%	\$40,000 \$35,000 \$277,500 \$60,000 \$35,000 \$6,000 \$10,000 \$12,000 \$40,000 \$100,000 \$20,000	50% 50% 50% 50% 50% 50% 50% 50% 50% 50% 50%	50% 50% 50% 50% 50% 50% 50% 50% 50% 50% 50%	384 sq miles 384 sq miles 19.2 sq miles 19.2 sq miles 9.6 sq miles 384 sq miles 384 sq miles 384 sq miles 384 sq miles 384 sq miles 384 sq miles	8,410 8,410 150 150 85 8,410 8,410 8,410 8,410 840 8,410	9/30/2018 12/30/2018 12/31/2018 12/31/2018 12/31/2018 12/31/2018 9/30/2018 12/31/2018 9/30/2018 12/31/2018 12/31/2018		1 2 3 4 4 4 5 6
		2018 TOTAL PROJECTS	\$635,500										

**NOTES**

- 1 FTTH Project represents remaining homes and businesses that were passed by the BIP project, but did not connect at the time or areas were there were other issues.
- 2 FTTH Electronics goes with "1" above and provides for necessary cross-connect panels, splitter cabinets, etc.
- 3 Concentrator Buildings and Electronics Upgrades are based on historical averages as well as including a project to move towards alternative energy to power the facilities.
- 4 Office Equipment, Tool and Equipment and General Computer Upgrades takes into account general changes in business along with new technologies.
- 5 Central Office Projects is a company-wide contingency for historical and some unexpected central office capital outlays.
- 6 Crew Construction Projects is the long term historical average of minor construction projects (such as new drops or minor route extensions) built by construction crew.

HARDY TELECOMMUNICATIONS INC.  
**NETWORK IMPROVEMENT PROJECTS**  
AS OF 2014 ANNUAL REPORT SUBMISSION - JULY 1, 2014

MAP REF.	WIRE CENTER NAME & CLI A	DESCRIPTION OF IMPROVEMENT B	COST ESTIMATE C	ACTUAL COST D	REGULATED % ALLOCATION E	AMOUNT IN USE SUPPORT AREA F=C+E	% VOICE ***	% BROADBAND ***	AREA IMPACTED ***	POPULATION IMPACTED ***	TARGET COMPLETION DATE ***	ACTUAL COMPLETION DATE ***	NOTES
LSRV	Lost River - LSRVWVA050	2019											
		Replace ISP-Inet Tech Work Vehicle	\$32,500		100%	\$32,500	50%	50%	384 sq miles	8,410	9/30/2019		
		Replace OSP Vehicle	\$40,000		100%	\$40,000	50%	50%	384 sq miles	8,410	9/30/2019		
		FTTH - Continuing Projects	\$185,000		100%	\$185,000	50%	50%	12.7 sq miles	100	12/31/2019		1
		FTTH - Continuing Projects Electronics	\$40,000		100%	\$40,000	50%	50%	12.7 sq miles	100	12/31/2019		2
		Concentrator Buildings&Electronics Upgrades	\$40,000		100%	\$40,000	50%	50%	9.9 sq miles	100	12/31/2019		3
		Office Equipment Upgrades	\$5,000		100%	\$5,000	50%	50%	384 sq miles	8,410	12/31/2019		4
		Tool & Equipment Upgrades	\$12,000		100%	\$12,000	50%	50%	384 sq miles	8,410	9/30/2019		4
		General Computer Upgrades	\$12,000		100%	\$12,000	50%	50%	384 sq miles	8,410	12/31/2019		4
		Central Office Projects	\$50,000		100%	\$50,000	50%	50%	384 sq miles	8,410	9/30/2019		5
		Crew Construction Projects	\$80,000		100%	\$80,000	50%	50%	384 sq miles	840	12/31/2019		6
		Mapping Software Enhancements	\$10,000		100%	\$10,000	50%	50%	384 sq miles	8,410	9/30/2019		
		2019 TOTAL PROJECTS	\$505,500										

**NOTES**

- 1 FTTH Project represents remaining homes and businesses that were passed by the BIP project, but did not connect at the time or areas were there were other issues.
- 2 FTTH Electronics goes with "1" above and provides for necessary cross-connect panels, splitter cabinets, etc.
- 3 Concentrator Buildings and Electronics Upgrades are based on historical averages as well as including a project to move towards alternative energy to power the facilities.
- 4 Office Equipment, Tool and Equipment and General Computer Upgrades takes into account general changes in business along with new technologies.
- 5 Central Office Projects is a company-wide contingency for historical and some unexpected central office capital outlays.
- 6 Crew Construction Projects is the long term historical average of minor construction projects (such as new drops or minor route extensions) built by construction crew.

**Line 510 - Service Quality Standards & Consumer Protection Rules Compliance:**

Consumer Protection

Voice and Broadband

Hardy Telecommunications (Hardy) complies with the requirements of 47CFR Part 64 Subpart U, Customer Proprietary Network Information and the Federal Trade Commission Red Flag Rules to prevent identity threat. A manual for each of those programs is in place and is part of the employees' handbook. Employee and Board of Directors training is conducted annually and new hires are instructed on the programs as required by their job functions.

Service Quality Standards

Voice

The Company complies with the service quality standards and consumer protection rules set forth by the West Virginia Public Service Commission, and within its rules and regulations as it relates to Service Quality Standards and Consumer Protection Rules. Hardy is committed to providing the highest quality service to its customers.

Broadband

Hardy follows the service standards noted in NECA Tariff #5 and is committed to provide the highest quality service to its broadband customers.



### Emergency Operations Functionality & Capability

The Company prides itself on updating and maintaining all of its plant and equipment to prevent outages before they happen. If outages do occur, the Company has a 24-hour/7 days-a-week on call staff and alarm reporting systems in place that send the necessary notifications to the 24-hour/7 days-a-week personnel monitoring these systems. The Company certifies that it follows best practices that are designed to allow them to remain functional in an emergency situation through the use of back-up power to ensure functionality.

Absent catastrophic failure of the network or elements of it, the Company has the capability to engage in some re-routing of traffic based on what facilities are damaged. While the Company has engineered its network based on accepted industry engineering practices, changing call routing may, to some extent, permit the Company to manage traffic patterns throughout its network during emergency situations.

The Company performs exercises to test disaster preparedness on each site's back-up power systems and they are tested weekly. Major transport facilities are also tested periodically to ensure failover reliability.

The Company provides the following information regarding its central office back-up battery and generator capability during electricity failures within its operating areas. The Company has deployed battery back-up power in its central office that will produce an estimated twenty (20) hours of back-up power for the Company's central office. The initiation of the Company's battery back-up capability is triggered instantaneously of the network identifying the existence of a loss of power.

The Company also has a back-up gas generator that is available at its central office should it be necessary. The generator would provide an additional 100 hours of back-up power capability based on fuel capacity. Assuming the availability of fuel at the location, the generator would provide sufficient power to operate even longer absent some unforeseen breakdown of it. Based on current contingency preparation plans, the Company estimates that the necessary generator-provided back-up power capability can be deployed and functioning within a minute of the identification of its need, well within the time frame of the estimated battery power back-up capability possessed by the Company. In addition, the Company has two portable generators that can be moved to the necessary site(s) to recharge batteries at the site(s). The following is a listing of remotes with the appropriate back-up battery and/or generator capability:



Remote Name	Battery Run Time estimated	Generator	Generator Run Time estimated
Arkansaw	21 hours	Y	333 hours
Ashton Woods North	1500 hours	N	
Ashton Woods South	266 hours	N	
Baker	16 hours	N	
Baker Tower	8 hours	N	
Baker Industrial Park	320 hours	N	
Beans Settlement	72 hours	N	
Bass	72 hours	N	
Bear's Heil Tower	12 hours	N	
Brants-Teets	214 hours	N	
Byrd	29 hours	N	
Crab Run	108 hours	N	
Charlie's Knob	28 hours	Y	333 hours
East Hardy High School	16 hours	N	
Grover Smith	200 hours	N	
Helmick Rock	88 hours	Y	667 hours
Jenkins Hollow	300 hours	N	
Kessel	21 hours	Y	333 hours
Lower Cove	228 hours	N	
Mill Gap	200 hours	N	
Mathias	36 hours	Y	333 hours
Mattie Snyder	144 hours	N	
Needmore	23 hours	Y	333 hours
North River	16 hours	N	
Peru	35 hours	Y	333 hours
Potomac Valley Overlook	16 hours	N	
Rig	32 hours	N	
Rio	177 hours	N	
South Fork	16 hours	Y	190 hours
State Park	266 hours	N	
Strawderman Hollow	214 hours	N	
Trout Pond	62 hours	N	
Upper Cove	171 hours	N	
Whetzel Hollow	267 hours	N	

268 259 WV 1010

Voice Service Rate Comparability

As evidenced by the data provided in line 700 of this Form 481, the Company's voice service pricing is no more than 2 standard deviations above the national average urban rate (\$46.96) as announced by the Wireline Competition Bureau on March 20, 2014 (DA 14-384).

200259 WV 1210

## Lifeline Certification, Verification, and Confirmation for Determining Initial and Continuing Eligibility of Consumers for USF Supported Lifeline Services.

### General Assertion / Certification:

The Company has policies and procedures in place to ensure that its Lifeline subscribers are eligible to receive Lifeline services. The Company has instituted certification and verification procedures in company with Section 54.416 of the rules of the Federal Communications Commission (the "FCC"). Specifically, the Company refers Any and all consumers who request USF supported services from Hardy Telecommunications to the West Virginia Department of Health and Human Resources for proper confirmation and documentation of eligibility. Hardy Telecommunications proceeds with instituting such services after proper documentation of eligibility from the DHHR is received from the consumer.

In addition, as required by Section 54.410 of the FCC's rules, the Company obtains a valid certification form for each subscriber for whom the Company will be seeking Lifeline reimbursement. A copy of the Company's "Annual Lifeline Certification and Verification" form has been attached to the Company's submission in response to the May 1, 2012 "Commission Order" in the above referenced proceeding.

Based on the foregoing, my knowledge, information and belief, I hereby certify that the Company has policies and procedures in place to ensure that its Lifeline subscribers are eligible to receive Lifeline services, that the Company is in compliance with all federal Lifeline certification procedures, and that the Company has obtained a valid certification form for each subscriber for whom the carrier seeks Lifeline reimbursement.

Scott Sherman, General Manager and CEO of Hardy Telecommunications, Inc. and its Operating Companies

### Table of Contents for Additional Supporting Documents:

- Lifeline Assistance (Guideline for Customers)
- Lifeline Assistance Certifications
- Lifeline Assistance Tariff as Currently Filed and On Record with the West Virginia Public Service Commission
- Website Link regarding Company's Lifeline Assistance Program:
  - o <http://www.hardynet.net/telephone-service/residential-telephone/lifeline-linkup/>



## LIFELINE ASSISTANCE

1. Lifeline Assistance consists of a credit in the amount of \$9.25 on eligible customer's bills.
2. The Lifeline discount can apply to ANY residential service plans that provide voice telephony service.
  - Partial payments will first be applied to pay down the allocated price for Lifeline voice services.
3. In order to be eligible to receive Lifeline Assistance, the customer must certify that s/he participates in one of the following:
  - Medicaid
  - Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps
  - Supplemental Security Income (SSI)
  - Federal Public Housing Assistance
  - Low Income Home Energy Assistance Program (LIHEAP)
  - National School Lunch Program's Free Lunch Program
  - Temporary Assistance for Needy Families (TANF)
  - Income is at/below 135% of the Federal Poverty Guidelines
4. If the customer claims to qualify based on income, s/he must present acceptable documentation of the household income. Acceptable documentation includes: the prior year's tax return, current income statement from an employer or paycheck stub, a Social Security statement of benefits, a Veterans Administration statement of benefits, a retirement/pension statement of benefits, an Unemployment/Workmen's Compensation statement of benefits, federal or tribal notice letter of participation in General Assistance, a divorce decree, child support, or other official document.
5. If the customer presents documentation of income that does not cover a full year (e.g., pay stubs), the customer must present **three** consecutive months worth of the same document.
6. Customer must fill out the attached Lifeline Assistance Certification. Once the form is complete, you must print your name and sign at the appropriate places on the form.
7. Make a copy of the form and give the customer a copy. The original is to be kept in a file.
8. A service deposit cannot be collected on an eligible customer.



## LIFELINE ASSISTANCE CERTIFICATION

I hereby certify, under penalty of perjury, that I am eligible to receive Lifeline Assistance for the following reason(s): *(Please check all that apply)*

- ☐ Medicaid
- ☐ Food Stamps
- ☐ Supplemental Security Income (SSI)
- ☐ Federal Public Housing Assistance
- ☐ Low Income Home Energy Assistance Program (LIHEAP)
- ☐ National School Lunch Program's Free Lunch Program
- ☐ Temporary Assistance for Needy Families (TANF)
- ☐ Income is at/below 135% of the Federal Poverty Guidelines

I also certify, under penalty of perjury, the following:

- ☐ Number of Individual's in my household
- ☐ Date of birth
- ☐ Last four (4) digits of my Social Security Number
- ☐ Household meets the income requirements
- ☐ Presented documentation of income accurately represents the household income

I further acknowledge, under penalty of perjury, the following requirements: *(Please acknowledge by initialing each)*

- ☐ Lifeline is a federal benefit and is available for only **ONE** line per household.
- ☐ Violation of the one-per-household requirement would constitute a violation of the Commission's rules and would result in subscriber's de-enrollment from the Lifeline program, and potentially prosecution by the United States government.
- ☐ Lifeline service is a **non-transferrable** benefit.
- ☐ Will notify Hardy Telecommunications, Inc. within 30 days when I am no longer eligible for Lifeline services; or, am receiving more than one Lifeline-supported service.
- ☐ Information in applications is true and correct to the best of my knowledge. False or fraudulent information is punishable by fine or imprisonment.

\_\_\_\_\_  
Customer Signature

\_\_\_\_\_  
Customer Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Hardy Employee Name

## NETWORK ACCESS LINE SERVICE

## LIFELINE ASSISTANCE

The Company, as part of its obligations as an Eligible Telecommunications Carrier, offers the Lifeline Assistance Program to eligible low-income subscribers. Lifeline Assistance is offered under the terms and conditions provided below:

## 1. Lifeline Assistance

## a. General

Lifeline Assistance is a federal program offering a discount to qualifying low-income subscribers, as provided for below. Lifeline Assistance provides eligible subscribers a discount for the following package of services: voice-grade access to the public switched network or functional equivalent; minutes of use for local service; access to E-911 services; and, toll limitation service at no charge.

## b. Regulations

- 1) Unless other eligibility requirements are established by the Commission, Lifeline Assistance is available to all subscribers who participate in one of the following programs: Medicaid; Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps; Supplemental Security Income (SSI); Federal Public Housing Assistance; Low-Income Home Energy Assistance Program (LIHEAP); National School Lunch Program's free lunch program; and, Temporary Assistance for Needy Families (TANF).
- 2) Each subscriber to Lifeline Assistance must certify in writing to the Company, under penalty of perjury, that s/he receives benefits under a program outlined in sub-paragraph (b) (1), above, and must, on that same document, agree to notify the Company if s/he ceases to participate in the program(s). The certification form shall conform to the requirements described herein, and shall be made available upon request to any subscriber. The Company shall retain all such subscriber certifications in order to furnish proof of subscriber eligibility as may be required from time to time by Universal Service Administrators.

## NETWORK ACCESS LINE SERVICE

## LIFELINE ASSISTANCE/LINK UP (cont'd.)

## 1. Lifeline Assistance (cont'd.)

## b. Regulations (cont'd.)

D

- 3) A subscriber may elect at the time of subscription or later to Lifeline Assistance to receive toll limitation as part of Lifeline Assistance. "Toll limitation" is a service that allows a subscriber to elect not to allow the completion of outgoing toll calls from the subscriber's residence.
- 4) Lifeline Assistance will not be disconnected for non-payment of toll charges, unless the Company first obtains a waiver from the Commission that the Company would otherwise incur substantial costs, that the Company offers toll limitation without charge, and that telephone subscribership among low-income subscribers in the Company's service area is greater than or equal to the national subscribership rate for low-income consumers. For purposes of this paragraph, a "low-income consumer" is one with an income below the poverty level for a family of four residing in West Virginia. The Company shall follow all applicable notice provisions as established, from time to time, by the Commission, as part of using a waiver, if granted. The Company may apply for waivers as necessary.
- 5) The Company may not collect a service deposit in order to initiate Lifeline Assistance if the qualifying low-income subscriber voluntarily elects toll limitation from the Company.
- 6) Eligibility for Lifeline service shall be subject to initial and continuing verification by the local WV Department of Health and Human Resources.

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- c. Lifeline Assistance provides a discount to the subscriber's monthly local telephone service. The discount is only available for one telephony service per household. The flat-rate discount available per month is \$9.25.

C  
|  
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HARDY TELECOMMUNICATIONS, INC.

Cancels 2<sup>nd</sup> Revised Sheet No. 26  
1<sup>st</sup> Revised Sheet No. 26

PSC NO. 7

NETWORK ACCESS LINE SERVICE

LIFELINE ASSISTANCE/LINK UP (cont'd.)

1. Lifeline Assistance (cont'd.)

- d. The Company shall apply the baseline payments received by the administrator of the Federal Lifeline Assistance program to waive the qualifying customer's federal End-User Common Line Charge. The Company shall apply any additional Federal support amount to the qualifying subscriber's basic local exchange service rate.

D

- e. Partial payments that are received from Lifeline customers shall first be applied to local service charges and then to any outstanding toll charges.

2. Link Up

D

'UnAudited'

200259 WU3017

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

<b>USDA-RUS</b>  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>			<i>This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.</i> <b>BORROWER NAME</b>  Hardy Telecommunications, Inc.		
<b>INSTRUCTIONS:</b> Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.			<b>PERIOD ENDING</b> December, 2013		<b>BORROWER DESIGNATION</b> WV0513
<b>CERTIFICATION</b> We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief. <b>ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.</b>  <b>DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII</b> (Check one of the following)					
<input type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects					
<input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report					
_____ DATE					
<b>PART A. BALANCE SHEET</b>					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents	2,546,314	3,330,239	25. Accounts Payable	2,367,648	4,528,124
2. Cash-RUS Construction Fund	161	161	26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt	674,193	674,193
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable	44,897	58,155	32. Income Taxes Accrued		
b. Other Accounts Receivable	637,026	558,291	33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities	137,826	53,975
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)	3,179,667	5,256,292
6. Material-Regulated	875,036	904,891	<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated	33,816	36,833	36. Funded Debt-RUS Notes	4,431,828	6,039,660
8. Prepayments		46,025	37. Funded Debt-RTB Notes	1,843,771	1,774,442
9. Other Current Assets	41,032	41,032	38. Funded Debt-FFB Notes		
10. Total Current Assets (1 thru 9)	4,178,282	4,975,627	39. Funded Debt-Other	1,564,610	1,341,158
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development	1,270,159	1,941,088	42. Recquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development	450,049	361,459	46. Total Long-Term Debt (36 thru 45)	7,840,209	9,155,260
13. Nonregulated Investments			<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)	1,720,208	2,302,547	50. Total Other Liabilities and Deferred Credits (47 thru 49)	0	0
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			<b>EQUITY</b>		
18. Telecom, Plant-in-Service	32,127,934	31,041,964	51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-In-Capital		
20. Plant Under Construction	2,529,192	6,035,368	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation	21,720,956	21,693,769	55. Other Capital		
23. Net Plant (18 thru 21 less 22)	12,936,170	15,383,563	56. Patronage Capital Credits	7,897,169	7,640,260
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins	(82,385)	609,925
			58. Total Equity (51 thru 57)	7,814,784	8,250,185
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	18,834,660	22,661,737
	18,834,660	22,661,737			

Total Equity = 36.41% % of Total Assets



USDA-RUS		BORROWER DESIGNATION	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		WV0513	
		PERIOD ENDING	
INSTRUCTIONS- See RUS Bulletin 1744-2		December, 2013	
PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS			
ITEM		PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		1,569,788	1,664,117
2. Network Access Services Revenues		3,758,991	3,987,749
3. Long Distance Network Services Revenues			
4. Carrier Billing and Collection Revenues		3,186	2,307
5. Miscellaneous Revenues		85,192	95,818
6. Uncollectible Revenues		265,185	30,000
7. Net Operating Revenues (1 thru 5 less 6)		5,151,972	5,719,991
8. Plant Specific Operations Expense		1,709,925	1,786,304
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		444,797	466,435
10. Depreciation Expense		1,539,396	1,627,499
11. Amortization Expense			
12. Customer Operations Expense		666,048	583,625
13. Corporate Operations Expense		1,072,132	1,078,319
14. Total Operating Expenses (8 thru 13)		5,432,298	5,542,182
15. Operating Income or Margins (7 less 14)		(280,326)	177,809
16. Other Operating Income and Expenses			
17. State and Local Taxes			
18. Federal Income Taxes			
19. Other Taxes		113,954	102,824
20. Total Operating Taxes (17+18+19)		113,954	102,824
21. Net Operating Income or Margins (15+16-20)		(394,280)	74,985
22. Interest on Funded Debt		418,328	419,152
23. Interest Expense - Capital Leases			
24. Other Interest Expense			
25. Allowance for Funds Used During Construction		66,377	176,716
26. Total Fixed Charges (22+23+24-25)		351,951	242,436
27. Nonoperating Net Income		389,490	424,789
28. Extraordinary Items			
29. Jurisdictional Differences			
30. Nonregulated Net Income		274,356	352,587
31. Total Net Income or Margins (21+27+28+29+30-26)		(82,385)	609,925
32. Total Taxes Based on Income			
33. Retained Earnings or Margins Beginning-of-Year		392,415	(82,385)
34. Miscellaneous Credits Year-to-Date			
35. Dividends Declared (Common)			
36. Dividends Declared (Preferred)			
37. Other Debits Year-to-Date			
38. Transfers to Patronage Capital		392,415	(82,385)
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]		(82,385)	609,925
40. Patronage Capital Beginning-of-Year		7,614,898	7,897,169
41. Transfers to Patronage Capital		392,415	(82,385)
42. Patronage Capital Credits Retired		110,144	174,524
43. Patronage Capital End-of-Year (40+41-42)		7,897,169	7,640,260
44. Annual Debt Service Payments		1,817,920	1,093,345
45. Cash Ratio [(14+20-10-11) / 7]		0.7777	0.7024
46. Operating Accrual Ratio [(14+20+26) / 7]		1.1448	1.0293
47. TIER [(31+26) / 26]		0.7659	3.5158
48. DSCR [(31+26+10+11) / 44]		0.9951	2.2681



USDA-RUS						BORROWER DESIGNATION WV0513	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS						PERIOD ENDED December, 2013	
INSTRUCTIONS - See RUS Bulletin 1744-2							
Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION							
EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
Lost River 2	25.00	15.00	102	329	431	255.93	
Lost River Video	121.00	86.00	4	56	60		
Moorefield Video	121.00	86.00	21	110	131		
Moorefield 4	49.00	27.00	189	41	230	27.03	
Lost River 1	22.00	10.00	114	792	906	284.38	217.69
Lost River 4	60.00	28.00	407	634	1,041	255.93	
Lost River Official	12.01	12.00	40	243	283		
Moorefield 1	22.00	10.00	218	112	330	36.42	25.20
Moorefield 2	25.00	13.00	35	55	90	27.03	
Moorefield 3	40.00	20.00	26	133	159	27.03	
Moorefield Official	1.00	1.00	17	77	94		
Lost River 3	50.00	21.00	46	814	860	255.93	
MobileWireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
Total			1,219	3,396	4,615	1,169.66	242.89
No. Exchanges	12						

USDA-RUS							BORROWER DESIGNATION WV0513	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS							PERIOD ENDED December, 2013	
INSTRUCTIONS - See RUS Bulletin 1744-2								
Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION								
4. BROADBAND SERVICE								
Details on Least Expensive Broadband Service								
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
Lost River 2	431	317	317	768	768	29.95	Package	DSL
Lost River Official								
Moorefield 1	330	146	146	768	768	29.95	Package	DSL
Moorefield 2	90	85	85	768	768	29.95	Package	DSL
Moorefield 3	159	110	110	768	768	29.95	Package	DSL
Moorefield Official								
Lost River 3	860	583	583	768	768	29.95	Package	DSL
Lost River Video	60	60	60	3,000	3,000	86.00	Package	Fiber to the Home
Moorefield Video	131	131	131	3,000	3,000	86.00	Package	Fiber to the Home
Moorefield 4	230	214	214	768	768	29.95	Package	DSL
Lost River 1	906	564	564	768	768	29.95	Package	DSL
Lost River 4	1,041	481	481	768	768	29.95	Package	DSL
Total	4,238	2,691						

<b>USDA-RUS</b>  <b>OPERATING REPORT FOR</b> <b>TELECOMMUNICATIONS BORROWERS</b>			<b>BORROWER DESIGNATION</b> WV0513  <b>PERIOD ENDING</b> December, 2013		
INSTRUCTIONS- See RUS Bulletin 1744-2					
<b>PART D. SYSTEM DATA</b>					
1 No Plant Employees	2 No. Other Employees	3 Square Miles Served	4 Access Lines per Square Mile	5 Subscribers per Route Mile	
10	23	389	11.86	3.95	
<b>PART E. TOLL DATA</b>					
1. Study Area ID Code(s)  a 200259 b 209009 c _____ d _____ e _____ f _____ g _____ h _____ i _____ j _____		2. Types of Toll Settlements (Check one)  Interstate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis  Intrastate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis			
<b>PART F. FUNDS INVESTED IN PLANT DURING YEAR</b>					
1. RUS, RTB, & FFB Loan Funds Expended					
2. Other Long-Term Loan Funds Expended					
3. Funds Expended Under RUS Interim Approval					
4. Other Short-Term Loan Funds Expended					
5. General Funds Expended (Other than Interim)					
6. Salvaged Materials					
7. Contribution in Aid to Construction					
8. Gross Additions to Telecom. Plant (1 thru 7)					
<b>PART G. INVESTMENTS IN AFFILIATED COMPANIES</b>					
INVESTMENTS  (a)	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
	(b)	(c)	(d)	(e)	(f)
1. Investment in Affiliated Companies - Rural Development				1,941,088	1,941,088
2. Investment in Affiliated Companies - Nonrural Development				0	0



<b>USDA-RUS</b>  <b>OPERATING REPORT FOR</b> <b>TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION WV0513  PERIOD ENDING December, 2013
<b>PART H. CURRENT DEPRECIATION RATES</b>	
Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one) <span style="float: right;"> <input checked="checked" type="checkbox"/> YES           <input type="checkbox"/> NO         </span>	
EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	10.95%
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	15.75%
4. Land and support assets - Garage and other work equipment	16.94%
5. Land and support assets - Buildings	3.34%
6. Land and support assets - Furniture and Office equipment	10.32%
7. Land and support assets - General purpose computers	26.05%
8. Central Office Switching - Digital	9.29%
9. Central Office Switching - Analog & Electro-mechanical	15.67%
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	9.21%
12. Central Office Transmission - Circuit equipment	
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	14.54%
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	5.42%
19. Cable and wire facilities - Aerial cable - Metal	11.00%
20. Cable and wire facilities - Aerial cable - Fiber	5.19%
21. Cable and wire facilities - Underground cable - Metal	4.22%
22. Cable and wire facilities - Underground cable - Fiber	4.22%
23. Cable and wire facilities - Buried cable - Metal	4.22%
24. Cable and wire facilities - Buried cable - Fiber	4.22%
25. Cable and wire facilities - Conduit systems	
26. Cable and wire facilities - Other	

USDA-RUS		BORROWER DESIGNATION WV0513	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		PERIOD ENDED December, 2013	
INSTRUCTIONS – See help in the online application.			
PART I – STATEMENT OF CASH FLOWS			
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		2,546,475	
CASH FLOWS FROM OPERATING ACTIVITIES			
2. Net Income		609,925	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
3. Add: Depreciation		1,627,499	
4. Add: Amortization		0	
5. Other (Explain)			
Changes in Operating Assets and Liabilities			
6. Decrease/(Increase) in Accounts Receivable		65,477	
7. Decrease/(Increase) in Materials and Inventory		(32,872)	
8. Decrease/(Increase) in Prepayments and Deferred Charges		(46,025)	
9. Decrease/(Increase) in Other Current Assets		0	
10. Increase/(Decrease) in Accounts Payable		2,160,476	
11. Increase/(Decrease) in Advance Billings & Payments		0	
12. Increase/(Decrease) in Other Current Liabilities		(83,851)	
13. Net Cash Provided/(Used) by Operations		4,300,629	
CASH FLOWS FROM FINANCING ACTIVITIES			
14. Decrease/(Increase) in Notes Receivable		0	
15. Increase/(Decrease) in Notes Payable		0	
16. Increase/(Decrease) in Customer Deposits		0	
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		1,315,051	
18. Increase/(Decrease) in Other Liabilities & Deferred Credits		0	
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		0	
20. Less: Payment of Dividends		0	
21. Less: Patronage Capital Credits Retired		(174,524)	
22. Other (Explain)			
23. Net Cash Provided/(Used) by Financing Activities		1,140,527	
CASH FLOWS FROM INVESTING ACTIVITIES			
24. Net Capital Expenditures (Property, Plant & Equipment)		(2,420,206)	
25. Other Long-Term Investments		(582,339)	
26. Other Noncurrent Assets & Jurisdictional Differences		0	
27. Other (Explain) Net adjustment for replacement of plant		(1,654,686)	
28. Net Cash Provided/(Used) by Investing Activities		(4,657,231)	
29. Net Increase/(Decrease) in Cash		783,925	
30. Ending Cash		3,330,400	

Revision Date 2010

USDA-RUS  OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION  WV0513
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2013
NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	



BORROWER DESIGNATION WV0513	OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS
PERIOD ENDED December, 2013	INSTRUCTIONS - See RUS Bulletin 1744-2
CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	



United States Department of Agriculture  
Rural Development Utilities Programs - Data Collection System



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DAVID SHERMAN : HARDY TELECOMMUNICATIONS, INC. (WVD513) : OP. REPORT-TELECOM : DECEMBER 2013

#### NAVIGATION

Reports  
Op. Report-Telecom  
Certification  
Point Of Contact  
Part A  
Part B  
Part C  
Part D  
Part E  
Part F  
Part G  
Part H  
Part I  
Notes

#### Certification

Certification saved successfully.

Your response is required by 7 U.S.C. 901 et seq. and subject to federal laws and regulations regarding confidential information, will be treated as confidential.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.**

**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII**  
(check one of the following)

- ☒ All of the obligations under the RUS loan documents have been fulfilled in all material respects. ☐ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report.

Certifier Name: David Sherman  
Certifier Title: General Manager & EVP  
Date Certified and Electronically Signed: 4/15/2014

☒ Certify ☐ Uncertify

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